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CAD Bulletin No. 2002-07

TO: All Electric, Gas, Water and Utilities; Eligible Telecommunications Carriers¹

FROM: Derek D. Davidson, Director of the Consumer Assistance Division

SUBJECT: Clarification of Payment Arrangement Requirements of Chapter 81

DATE: October 28, 2002

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In an Order dated September 25, 2002 in Docket No. 2002-248, the Commission instructed the Director of the Consumer Assistance Division to issue a bulletin that clarifies the intent of Chapter 81 § 6(B).

Section 6(B)(1) requires a utility to confirm in writing a payment arrangement made orally within three business days of the oral agreement for all payment arrangements that require more than one payment or any payment after the effective period of a disconnection notice. This section gives the utility the option of confirming in writing oral payment arrangements that require a single payment within the effective period of a notice. If, however, a utility chooses not to confirm this type of payment arrangement in writing, § 6(B)(4) prohibits the utility from disconnecting the customer. Instead, the utility may either contact the customer and negotiate a new payment arrangement or may issue a 14-day disconnection notice.

This interpretation is explained in the Commission's Order adopting Chapter 81. The Order states "[a]n agreement to accept payment after the due date of a pending 14-day disconnection notice is a payment arrangement."² It has the effect of canceling

¹ Eligible telecommunications carriers must comply with Chapter 81 until January 23, 2003. After that date, they must comply with Chapter 290. Under Chapter 290, all payment arrangements must be confirmed in writing.

² In this situation, the "due date" is the disconnection date stated in the 14-day Notice, not the end of the 10-day effective period of the Notice.



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the pending disconnection notice. If a utility wishes to treat a lump-sum payment as a payment arrangement, it must comply with all provisions associated with payment arrangements. If the lump-sum payment is not treated as a payment arrangement in all respects, a utility cannot treat failure to comply with the lump-sum agreement as a broken payment arrangement." Amendment of Chapter 81, Disconnection and Deposit Regulations for Residential Utility Service, Docket No. 88-50, Order at 21 (July 29, 1988).

The Commission's Order also clarifies that the prohibition on disconnection contained in § 6(B)(4) does not apply to situations where a three-day notice has been issued for failure to comply with the terms of a payment arrangement. In these situations, the utility has already issued a payment arrangement and is therefore not required to enter into a new payment arrangement. The utility has the option to provide an extension of time to allow the customer to pay the catch-up amount owed on the arrangement during the effective period of the notice. If the customer pays the catch-up amount, the default on the original payment arrangement is cured and re-confirmation of the original payment arrangement is not necessary. If the customer fails to pay the catch-up amount *during the effective period of the notice*, the utility may proceed with disconnection. Order, Docket No. 88-50 at 21.

If you have questions concerning this matter, please contact Betty Bero, Senior Consumer Assistance Specialist, at (207) 287-1399 or at betty.bero@state.me.us.

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